

ASHFORD HOSPITALITY TRUST INC

Form 10-Q

November 06, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-31775

(Exact name of registrant as specified in its charter)

Maryland

86-1062192

(State or other jurisdiction of incorporation or organization)

(IRS employer identification number)

14185 Dallas Parkway, Suite 1100
Dallas, Texas

75254

(Address of principal executive offices)

(Zip code)

(972) 490-9600

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$0.01 par value per share

61,771,139

ASHFORD HOSPITALITY TRUST, INC
FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2009
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	September 30, 2009	December 31, 2008
		(Unaudited)
Assets		
Investments in hotel properties, net	\$ 3,489,746	\$ 3,568,215
Cash and cash equivalents	197,920	241,597
Restricted cash	65,270	69,806
Accounts receivable, net of allowance of \$541 and \$598, respectively	39,471	41,110
Inventories	3,132	3,341
Notes receivable	66,652	212,815
Investment in unconsolidated joint venture	20,319	19,122
Deferred costs, net	19,458	24,211
Prepaid expenses	18,250	12,903
Interest rate derivatives	105,516	88,603
Other assets	4,520	6,766
Intangible assets, net	3,011	3,077
Due from third-party hotel managers	52,428	48,116
Total assets	\$ 4,085,693	\$ 4,339,682
Liabilities and Equity		
Liabilities:		
Indebtedness	\$ 2,801,824	\$ 2,790,364
Capital leases payable	105	207
Accounts payable and accrued expenses	115,335	93,476
Dividends payable	5,527	6,285
Unfavorable management contract liabilities	19,257	20,950
Due to related parties	1,403	2,378
Due to third-party hotel managers	2,024	3,855
Other liabilities	7,908	8,124
Total liabilities	2,953,383	2,925,639
Commitments and contingencies (Note 14)		
Series B-1 cumulative convertible redeemable preferred stock, \$0.01 par value, 7,447,865 shares issued and outstanding	75,000	75,000
Redeemable noncontrolling interests in operating partnership	84,947	107,469
Equity:		
Stockholders' equity of the Company:		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized		
Series A Cumulative Preferred Stock, 1,487,900 shares and 2,185,500 shares issued and outstanding at September 30, 2009 and December 31, 2008	15	22

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Series D Cumulative Preferred Stock, 5,666,797 shares and 6,394,347 shares issued and outstanding at September 30, 2009 and December 31, 2008	57	64
Common stock, \$0.01 par value, 200,000,000 shares authorized, 122,748,859 shares issued; 63,890,831 shares and 86,555,149 shares outstanding at September 30, 2009 and December 31, 2008	1,227	1,227
Additional paid-in capital	1,434,161	1,450,146
Accumulated other comprehensive loss	(732)	(860)
Accumulated deficit	(321,853)	(124,782)
Treasury stock, at cost, 58,858,028 and 36,193,710 shares at September 30, 2009 and December 31, 2008	(158,430)	(113,598)
Total stockholders' equity of the Company	954,445	1,212,219
Noncontrolling interests in consolidated joint ventures	17,918	19,355
Total equity	972,363	1,231,574
Total liabilities and equity	\$ 4,085,693	\$ 4,339,682

See Notes to Consolidated Financial Statements.

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ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2009	2008	2009	2008
	(Unaudited)			
Revenue				
Rooms	\$ 167,494	\$ 208,856	\$ 516,653	\$ 642,264
Food and beverage	38,630	53,143	133,864	175,153
Rental income from operating leases	1,236	1,367	3,830	4,239
Other	11,298	12,604	34,940	38,924
Total hotel revenue	218,658	275,970	689,287	860,580
Interest income from notes receivable	1,761	8,801	10,397	15,273
Asset management fees and other	173	510	552	1,953
Total revenue	220,592	285,281	700,236	877,806
Expenses				
Hotel operating expenses:				
Rooms	40,680	47,258	120,427	140,530
Food and beverage	30,284	39,468	97,819	124,237
Other expenses	73,357	86,836	224,237	259,623
Management fees	8,649	10,690	27,233	33,726
Total hotel operating expenses	152,970	184,252	469,716	558,116
Property taxes, insurance and other	16,023	14,918	46,602	45,776
Depreciation and amortization	38,935	44,406	118,927	126,405
Impairment charges	19,816		160,143	
Corporate general and administrative	9,257	8,834	23,014	24,903
Total expenses	237,001	252,410	818,402	755,200
Operating (loss) income	(16,409)	32,871	(118,166)	122,606
Equity in earnings of unconsolidated joint venture	642	491	1,863	2,304
Interest income	56	697	253	1,594
Other income	13,228	3,379	35,140	6,244
Interest expense and amortization of loan costs	(36,545)	(39,870)	(109,663)	(116,771)
Write-off of loan costs, premiums and exit fees, net		(1,226)	930	(1,226)
Unrealized gain (loss) on derivatives	5,525	12,528	(14,166)	(38,861)
(Loss) income from continuing operations before income taxes	(33,503)	8,870	(203,809)	(24,110)
Income tax expense	(193)	(421)	(585)	(1,150)
(Loss) income from continuing operations	(33,696)	8,449	(204,394)	(25,260)
Income from discontinued operations		1,329		15,909

Net (loss) income	(33,696)	9,778	(204,394)	(9,351)
Loss (income) from consolidated joint ventures attributable to noncontrolling interests	476	(123)	629	(2,907)
Net loss (income) attributable to redeemable noncontrolling interests in operating partnership	4,424	(856)	25,567	738
Net (loss) income attributable to the Company	(28,796)	8,799	(178,198)	(11,520)
Preferred dividends	(4,831)	(7,018)	(14,492)	(21,054)
Net (loss) income attributable to common stockholders	\$ (33,627)	\$ 1,781	\$ (192,690)	\$ (32,574)
Income (loss) per share basic and diluted:				
(Loss) income from continuing operations attributable to common stockholders	\$ (0.52)	\$	\$ (2.67)	\$ (0.40)
Income from discontinued operations attributable to common stockholders		0.01		0.12
Net (loss) income attributable to common stockholders	\$ (0.52)	\$ 0.01	\$ (2.67)	\$ (0.28)
Weighted average common shares outstanding basic	65,266	115,819	72,167	117,828
Weighted average common shares outstanding diluted	65,266	115,819	72,167	117,828
Dividends declared per common share	\$	0.21	\$	0.63
Amounts attributable to common stockholders:				
(Loss) income from continuing operations, net of tax	\$ (28,796)	\$ 7,579	\$ (178,198)	\$ (26,180)
Income from discontinued operations, net of tax		1,220		14,660
Preferred dividends	(4,831)	(7,018)	(14,492)	(21,054)
Net (loss) income attributable to common stockholders	\$ (33,627)	\$ 1,781	\$ (192,690)	\$ (32,574)

See Notes to Consolidated Financial Statements.

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ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2009	2008	2009	2008
	(Unaudited)			
Net (loss) income	\$ (33,696)	\$ 9,778	\$ (204,394)	\$ (9,351)
Other comprehensive income (loss), net of tax:				
Change in unrealized loss on derivatives	(6)	(71)	55	(57)
Reclassification to interest expense	55	17	123	38
Foreign currency translation adjustments				(126)
Total other comprehensive income (loss)	49	(54)	178	(145)
Comprehensive (loss) income	(33,647)	9,724	(204,216)	(9,496)
Less: Comprehensive loss (income) attributable to noncontrolling interests in consolidated joint ventures	472	(123)	599	(2,907)
Less: Comprehensive loss (income) attributable to redeemable noncontrolling interests in operating partnership	4,418	(856)	25,547	738
Comprehensive (loss) income attributable to the Company	\$ (28,757)	\$ 8,745	\$ (178,070)	\$ (11,665)

See Notes to Consolidated Financial Statements.

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ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2009
(in thousands)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Income (Loss)	Treasury Stock Shares	Treasury Stock Amounts	Noncontrolling Interests in Consolidated Joint Ventures	Total		
	Series A Shares	Series A Amounts	Series D Shares	Series D Amounts								Shares	Amounts
	2,185	\$ 22	6,394	\$ 64	122,749	\$ 1,227	\$ 1,450,146	\$ (124,782)	\$ (860)	(36,194)	\$ (113,598)	\$ 19,355	\$ 1,231,574
	(697)	(7)	(727)	(7)			(10,642)						(10,656)
									(23,764)	(53,335)			(53,335)
							(8,426)		1,100	8,503			77
							3,083						3,083
							(178,198)					(629)	(178,827)
							(2,385)						(2,385)
							(3,128)						(3,128)
							(8,979)						(8,979)
									25			25	50
									103			5	108
												281	281

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(1,119) (1,119)

(4,381) (4,381)